

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ABF-01 FS-01 AGRE-00 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01
OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03 H-01 /088 W
-----079957 261344Z /46

R 260855Z JUL 77
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 8994

C O N F I D E N T I A L BUDAPEST 2473

E.O. 11652: GDS
TAGS: EFIN, EEWT, HU
SUBJECT: HUNGARIANS PLAN UNIFIED FORINT EXCHANGE RATE

1. IN AN INTERVIEW PUBLISHED JULY 21 IN ENGLISH-LANGUAGE DAILY NEWS, HUNGARIAN NATIONAL BANK PRESIDENT MATYAS TIMAR CHARACTERIZED AS UNFOUNDED RECENT SPECULATION THAT THE HUNGARIAN FORINT MIGHT SOON BECOME A CONVERTIBLE CURRENCY, BUT ADDED THAT HUNGARIANS CURRENTLY WORKING TOWARDS EVENTUAL ESTABLISHMENT OF A UNIFIED FORINT EXCHANGE RATE. EMBOFFS PURSUED SUBJECT WITH DR. LASZLO KARCAG, DIRECTOR OF NATIONAL BANK, AND WITH GASPAR GASPAR, DEPUTY GENERAL MANAGER OF FOREIGN TRADE BANK, BOTH OF WHOM CONFIRMED THAT HUNGARIAN BANKING COMMUNITY ANTICIPATES END TO CURRENT DUAL RATE SYSTEM IN 1980-81. KARCAG OPINED THAT SINGLE RATE WOULD BE "PERHAPS 35 TO 1", COMPARED TO CURRENT COMMERCIAL RATE OF 40 FORINTS TO US \$1 AND NONCOMMERCIAL RATE OF 20 TO 1. BOTH STRESSED THAT SERIOUS DISTORTIONS IN THE PRESENT PRICE SYSTEM WILL HAVE TO BE REDUCED THROUGH TAX REFORMS BEFORE UNIFIED RATE WILL BE POSSIBLE.

2. WHEN EMBOFF ASKED KARCAG IF HE EXPECTED THAT THE TRANSFERABLE RUBLE WOULD EVENTUALLY BECOME CONVERTIBLE,
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HE VOLUNTEERED THAT HE WOULD BE HAPPY IF IT ONLY BECAAME TRANSFERABLE WITHIN CEMA. ACCORDING TO KARCAG, INTRA-CEMA TRADE STILL OPERATES ON WHAT IS BASICALLY A BILATERAL CLEARING SYSTEM; THIS IS INEFFICIENT AND KEEPS INTRA-CEMA TRADE WELL BELOW AN OPTIMAL LEVEL.
MUDD

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FORINT, FOREIGN EXCHANGE RATES, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BUDAPE02473
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Drafter: n/a
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Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770266-0182
Format: TEL
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770720/aaaaaqtp.tel
Line Count: 61
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7cff0d64-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1753015
Secure: OPEN
Status: NATIVE
Subject: HUNGARIANS PLAN UNIFIED FORINT EXCHANGE RATE
TAGS: EFIN, EEWT, HU, (TIMAR, MATYAS)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/7cff0d64-c288-dd11-92da-001cc4696bcc
Review Markings:
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